

GLOBAL NEWS LINE

SWITZERLAND

In the heart of Europe, Switzerland stands out as an affluent and highly developed test market for U.S. suppliers of orthopedic, rehabilitation, and home health care equipment.

The more than 7 million inhabitants of Switzerland boast one of the world's highest per capita incomes and one of the best health and social services systems, with more than 10 percent of GDP being spent on this sector. The use of medical equipment in health service facilities has doubled in the last 15 years; this trend will continue even more markedly in the future.

The Swiss have the second-highest life expectancy in the world. Life expectancy is growing faster than the birthrate, resulting in a higher proportion of elderly people to be cared for in the future and several projects for new residential care units. The state council has planned the construction of a significant number of new nursing homes between 2003 and 2010, financed by the Swiss Department of the Interior.

The country's liberal trade and investment policies, as well as public concern for the well-being of the elderly, the handicapped, and those in need of social services, favor access to a wide variety of products.

U.S. suppliers can best sell through experienced local distributors. With the proper commitment, and attention paid to the Swiss propensity for quality and durability, U.S. suppliers should be able to maintain if not expand their share of imports.

DENMARK

Approximately 50 percent of electricity in Denmark is currently produced by combined heat and power (CHP).

The Danish government's target is to increase this proportion so that most of Denmark's heating needs and electricity consumption are met by the combined production of heat and electricity. To

understand the Danish energy market, it is important to grasp the nature of CHP and the many players in the electricity market.

Conversion of natural gas-based district heating plants to CHP has been rapid and is nearly finished. It has been more difficult for the district heating plants with biomass-based production, so the time frames for conversion have been extended. This is due to the fact that the development of new technologies (which were to make it technically and financially feasible to co-produce CHP from biomass) have progressed more slowly than expected.

The short-term challenges in Danish energy policy are to attain the carbon dioxide objectives and make structural changes in the energy market to improve efficiency. In the longer run, the security of supply and environmental concerns will be of increasing importance as deposits of oil and gas are depleted throughout Denmark. CHP and renewable energy solutions will be the main elements in Danish energy supply in the future.

Power plants producing within the limits of Danish consumption are generally of very high standards both in productivity and environmental protection. However, the Danish power sector is characterized by considerable overcapacity, and many of the plants representing this overcapacity are older facilities, which do not meet the same high environmental standards as those in relatively constant use.

There is a market opportunity in Denmark for U.S. companies with innovative products designed to increase efficiency of older power plants and make them more environmentally friendly. Denmark has a long tradition of promoting the use of efficient, renewable energy sources and developing a legislative framework that promotes and encourages the use of energy-efficient products. These

incentives increase the use of energy-efficient applications and create export opportunities for U.S. manufacturers of energy-efficient products and technologies.

LATVIA

The packaging industry has survived the transition from state planning to a market system and now plays a significant role in the economy of Latvia. This success is mainly due to the support of general government policy and legislative acts.

Since the early 1990s, Latvian legislation has addressed consumer rights protection issues, and several legislative initiatives were adopted that were indirect lobbying for the printing and packaging industry. Latvian law requires that all consumer goods, food, and drugs must have instructions and labels in the Latvian language. This requirement ensures steady orders for translation and printing services.

As an aspiring EU member, Latvia emphasizes environment protection and consumer rights, and the government has implemented much legislation geared toward waste recycling and minimizing damage to the environment. Latvia has significant forest resources and strong traditions in the packaging industry. The combination of all these factors provides good conditions for the development of some packaging industry subsectors.

Taking into account the government tax on packaging, which provides for its recycling, one may guess that its weight in Latvia's GDP is about 1 to 2 percent. While some types of packaging are manufactured locally and exported to other countries, others are imported, which balances out packaging trade figures. Products being imported versus those produced locally depend on the size of the individual segments of the market. Latvia has a population of only 2.3 million, which makes some

packaging (metal cans, for instance) not economically feasible.

RUSSIA

Investment in Russia's transportation infrastructure was deferred by the massive economic decline that Russia suffered in the decade following the collapse of the Soviet Union.

However, the robust economic growth of the last four years, coupled with political stability, has created the conditions under which new investment in upgrading Russia's infrastructure is back on the national agenda, and there is renewed interest in attracting foreign investment and technologies. Significant economic reforms implemented under the Putin administration and improvements in the legal environment have resulted in foreign investors and exporters taking a fresh look at Russia.

Russia's mass transit system is very well developed and heavily used. For the majority of Russians there is little alternative to mass transit in the foreseeable future. Although private car ownership is growing at around 9 percent annually (and likely to accelerate), it represents only 143 cars per 1,000 Russians—compared with more than 500 per 1,000 in Western Europe. Three-fourths of Russia's population of 144 million lives in urban areas, and Russia's mass transit system carries more than 120 million passengers every day. A well-functioning mass transit system is therefore vital to the economy and important to society.

The Russian market for mass-transit rolling stock is one of the world's largest and holds significant potential for foreign suppliers in the medium and long term. The existing fleet is obsolete and needs to be replaced. While local manufacturers are able to satisfy the demand for vehicles in the required volumes and at attractive prices, quality is relatively poor and operating costs relatively high compared with state-of-the-art products from Western manufacturers.

As Russia's economy expands, demand for modern, high-quality rolling stock

and vehicles meeting international technical and environmental standards is growing, giving a boost to the industry and creating opportunities for U.S. exporters. There are also increasing opportunities for suppliers of modern traffic management systems using advanced information and telecommunications technology, as well as for suppliers of transportation equipment and engineering and consulting services.

HONG KONG

Hong Kong has one of the largest film industries in the world.

Last year, 92 Hong Kong films were screened locally, generating \$45 million in receipts, while foreign films generated \$66 million. In March 2003, Hong Kong had 2,831 motion picture and other entertainment service-related establishments.

The United States is the largest exporter of films to Hong Kong. During the last few years, U.S. films constituted about 80 percent of the total import market. Hong Kong film importers recognize that U.S. films are known to have high budgets, strong story lines, scripts with universal themes, well-known actors and directors, established technical film capabilities, advanced technologies, and a proven production track record.

To increase their market share, U.S. exporters should consider selling relatively lower budget films to TV stations in the region that are always looking for content, as well as to Hong Kong agents for both the rights in Hong Kong and elsewhere in Asia. This will minimize potential copyright infringement issues by limiting the number of movie samples sent out.

GUATEMALA

The United States is the leading exporter of food processing and packaging equipment to Guatemala, with a 32-percent market share in 2002, followed by Germany, Mexico, El Salvador, Costa Rica, and Italy.

Guatemala's food processing and packaging machinery market is currently valued at \$142.7 million. Guatemala's imports of food processing

and packaging machinery totaled \$97.2 million in 2002. Even with an economic downturn, this industry is always growing. The average growth rate has been 15 percent for the last three years.

Domestic manufacture of food packaging and processing machinery is significant but generally low-tech output. The growth rate in domestic production during 2003 is expected to reach 15 to 20 percent.

In general, Guatemala is an excellent market for U.S. products. Guatemala's GDP reached \$22 billion, and U.S. exports to Guatemala totaled \$2 billion in 2002. Almost half of all Guatemalan imports come from the United States. With a population of 11.9 million, Guatemala is the largest country in Central America and accounts for one-third of the region's GDP.

With the U.S.–Central American Free Trade Agreement negotiations now under way, Guatemalan exporters will need to pursue expansion plans to increase production and enhance product quality. The best sales prospects for U.S. exporters include packaging equipment and agribusiness machinery. ■

NEED MORE DETAIL?

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